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WISCONSIN *Farm Reporter*

- omit
- Dairy
 - Crops
 - Livestock

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WISCONSIN FARM HIGHLIGHTS

- October 1 feed grain stocks are lower
- Dairy situation update
- Tobacco situation update
- Wisconsin prices received index down

DAIRY SITUATION

Milk Supports

A number of proposals about the dairy price support program have been made as part of the 1981 farm legislation. However, at this time it is not possible to determine which, if any, of the proposals will be included in the 1981 omnibus farm legislation. Because there was no new legislation in place before October 1, the dairy provision of the recently enacted omnibus Budget Reconciliation Act of 1981 is in effect until the farm bill is passed. The Act calls for a minimum support level of 75 percent of parity on October 1, no midyear adjustment on April 1, 1982, and the level of support on October 1, 1982 to be based on the projected level of net removals (milk equivalent or nonfat dry milk) — the greater the expected net purchases, the lower the support rate.

Current indications, based on the most recent Parity Index, are that the October 1, 1981 support level at 75 percent parity for manufacturing grade milk testing 3.67 percent would be \$13.49. For 3.5 percent fat milk it would be \$13.18. In order to achieve the higher support price of \$13.49, the CCC purchase price for butter (assuming an equal split between butter and nonfat dry milk and no change in the manufacturing allowance of \$1.22) would probably be raised about 4.25 cents a pound to \$1.5325, while the purchase price for nonfat dry milk would likely increase about 2.4 cents a pound to 96.4. The CCC purchase price for cheese (assuming no change in its manufacturing allowance of \$1.37 and a whey value of zero) would likely increase about 3.75 cents to \$1.4325 a pound for 40-pound blocks and to \$1.405 for 500-pound barrels.

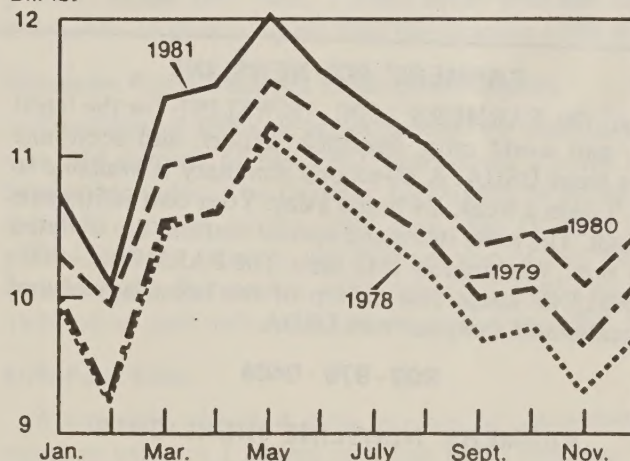
Dairy Product Sales Overseas

On August 5, 1981 the United States, through the CCC,

agreed to sell 220 million pounds (100,000 metric tons) of butter to the New Zealand Dairy Board. The butter, to come from CCC uncommitted inventories, was sold for \$1,550 a metric ton (70.3 cents a pound), loaded at the warehouse. Deliveries are to occur from September 1, 1981 to June 30, 1982. The New Zealand Dairy Board agreed not to sell any U.S. butter to the Soviet Union. The CCC agreed, except for official aid or for estimated welfare uses, not to sell for export any butter until July 1982, unless approved by the New Zealand Dairy Board.

U.S. Milk Production by Months

Bil. lb.



Cheese and Butter Stocks Stay at High Levels

Cold storage stocks of butter were up 60 percent and stocks of cheese were up 13 percent in the U.S. at the end of September. There were 485.3 million pounds of butter in storage on September 30, which is an increase of 182.4 million pounds from the same date in 1980. Government butter stocks totaled 452.3 million pounds, 74 percent more than a year ago. Cheese stocks in storage at the end of September totaled 691.9 million pounds, up 13 percent from the previous year. The government had 229.1 million pounds of American cheese in cold storage on September 30, compared with 75.5 million pounds a year earlier. The difference, 153.6 million pounds, represents a 203 percent increase.

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Cold Storage Stocks of Butter and Cheese

Commodity	Sept. 30, 1979	Sept. 30, 1980	Sept. 30, 1981	Change from last year
	1,000 pounds			Percent
UNITED STATES				
Butter	220,449	302,916	485,304	+ 60
Cheese, American	456,778	498,151	596,234	+ 20
Cheese, Swiss	13,536	14,222	11,225	- 21
Cheese, all other	80,856	98,189	84,399	- 14
Cheese, total	551,170	610,562	691,858	+ 13
WISCONSIN				
Butter	28,150	35,142	59,563	+ 69
Cheese, American	244,845	228,993	203,878	- 11
GOVERNMENT STOCKS*				
Butter	166,350	259,261	452,334	+ 74
Cheese, American	2,785	75,499	229,079	+ 203

*Included in above totals.

TOBACCO SITUATION

Overview

Tobacco production this year is up about a tenth from 1980 because of increased acreage and yield. Better growing conditions improved leaf quality, and with stronger demand, prices at flue-cured auctions are averaging well above last season. Cash receipts from the 1981 crop will rise substantially and surpass the 1978 record.

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FARMERS' NEWSLINE HIGHLIGHTS

November Highlights

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The September 1 estimate of U.S. tobacco output was 1.97 billion pounds, up 11 percent from 1980, because both acreage and yields were higher. Most of the increase was in burley. But weather and other factors can still affect final production. Estimated ending stocks going into the next marketing year were 3.28 billion pounds, about the same as a year earlier.

Cigarette Trends

U.S. cigarette smoking in 1981 may gain from 1980. Anti-smoking promotion has slackened, and more people are of smoking age. Also, consumption of low-tar, low-nicotine brands is rising. Slow growth in overall economic activity is expected in 1982, but it will have a negligible impact on cigarette sales.

Americans smoked an estimated 323 billion cigarettes in the first half of 1981, about 8 billion above a year earlier. Second-half use is expected to stay close to the 315 billion smoked during July-December 1980. Low-tar, low-nicotine cigarettes account for over one-half of total sales.

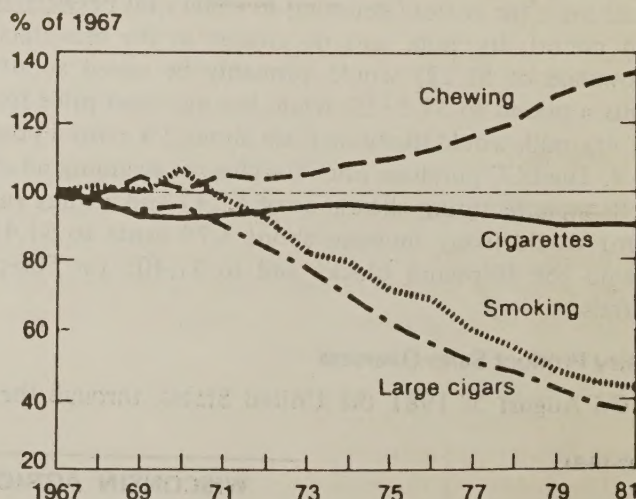
Cigars and Smoking Tobacco Use on a Downswing

Total consumption of large cigars (including cigarillos) this year may drop only fractionally below 1980's 4 billion. The slower downtrend could continue as the median age of the population increases.

About 2 percent fewer cigars per male (18 and older) were smoked this year compared to last year. The 1980 average was 50. Midyear wholesale prices averaged 6 percent above a year ago.

Smoking tobacco used in pipes and for roll-your-own cigarettes may decline slightly below last year's 37 million pounds, representing a slowing of the last decade's downtrend. In the first half of this year, domestic use of smoking tobacco, including imports, totaled 17 million pounds, 2 percent below a year earlier. By midyear, wholesale prices averaged 12 percent above a year ago.

Consumption of Tobacco Products



Per male 18 and over; except cigarettes, per person 18 and over. 1981 preliminary.

Smokeless Tobacco Output Increasing

Chewing tobacco production in 1981 is expected to rise from the 106 million pounds produced in 1980. The uptrend in output faltered last year when sales fell as a consequence of a drop in employment in certain cyclical industries, such as construction. Snuff production is estimated about the same as last year but 4 percent below a decade ago.

OCTOBER 1 GRAIN STOCKS

Wisconsin Feed Grain Stocks Lower in 1981

Wisconsin's feed grain stocks (corn, oats, and barley) totaled 129.6 million bushels on October 1, down 6 percent from October 1, 1980. Corn stocks in all positions totaled 58.8 million bushels, which is 4 percent less than corn stocks on hand a year ago. Oat stocks were at 49.3 million bushels, 12 percent less than a year ago. Barley stocks at 21.5 million bushels is a 2 percent increase from last year. On-farm feed grain stocks included 48.8 million bushels of corn, 46.6 million bushels of oats and 1.1 million bushels of barley. Total wheat stocks in Wisconsin were at 21.5 million bushels, a decrease of 3 percent from last year. On-farm stocks totaled 893,000 bushels, a decrease of 32 percent from last year.

U.S. Feed Grain Stocks Lower In 1981

U.S. stocks of the four feed grains (corn, oats, barley, and sorghum) totaled 2.05 billion bushels on October 1, down 22 percent from last year. Barley stocks increased 14 percent to 446 million bushels, while the level of the other feed grains declined. Stored on farms were 490 million bushels of corn, while 544 million bushels were stored off farms. October 1 stocks of oats were down 5 percent to 460 million bushels, with 386 million stored on farms and 74 million stored off the farm. Sorghum levels declined 26 percent to 109 million bushels, 37 million less than on the same date a year ago.

Grain Stocks, October 1, 1981 (Total, all positions)

Wisconsin	1980	1981	United States	1980	1981
	1,000 bushels			1,000 bushels	
Corn	61,024	58,761	Corn	1,617,478	1,034,009
Oats	56,270	49,324	Oats	484,141	460,192
Barley . . .	21,164	21,482	Barley . . .	390,764	445,578
			Sorghum . .	146,536	109,087
Total feed grains . .	138,458	129,567	Total feed grains . .	2,638,919	2,048,866

FARM PRICES

Yardstick of Farm Prices and Costs

Rising crop or livestock prices are typically reported as good news for producers, but they're well aware that better prices for their products don't mean much if production input costs are rising even faster.

A pair of statistics published monthly by USDA gives a quick indication of how farmers are really doing by taking both factors into account.

The Index of Prices Received by Farmers shows in one figure how the series of prices farmers are getting for 44 products — accounting for about 90 percent of total U.S.

cash receipts — have changed since an earlier base period (1967).

The Index of Prices Paid by Farmers is a composite of prices for production goods and services (about 180 items, plus an index for living expenses) that is also calculated from a 1967 base period. By figuring the ratio of prices received to prices paid, it is possible to see at a glance how the agriculture sector as a whole is doing.

For example, in September 1981 the prices received index was 244 — just shy of being two and one-half times the composite figure in 1967 — but the prices paid index stood at 306, more than three times as high. That's a ratio of 80 — indicating that the prices producers paid for farm input items outstripped prices they received for farm commodities.

U.S. Prices Received Index Down

The October index of prices received by farmers decreased 8 points from September to 236 percent of its January-December 1967 average. Contributing to the lower index were lower prices for milk cows, beef cattle, steers, calves, hogs, eggs, corn, barley, and soybeans. Higher prices received for milk, wheat, oats, and all hay were partially offsetting. The index was 25 points below a year ago.

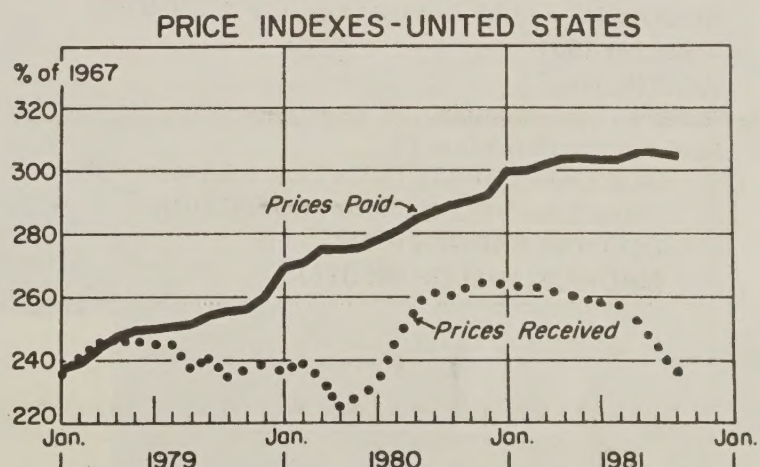
The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates for October was 305 percent of the 1967 base, 1 point lower than the September index, but 16 points higher than the October 1980 index.

Wisconsin Prices Received Index Down Slightly

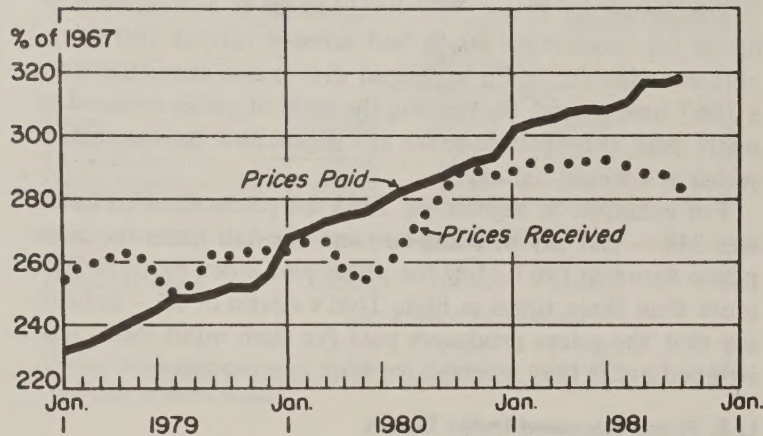
The October index of prices received by Wisconsin farmers was 284 percent of the 1967 base, down 1 point from the September index. The October 1980 index of prices received was 287 percent of the 1967 base. The October index of prices paid by farmers was 318 percent of the 1967 base, equal to the September 1981 index of 318. The October 1980 prices paid index was 289 percent of the 1967 base.

Milk-Feed Ratio

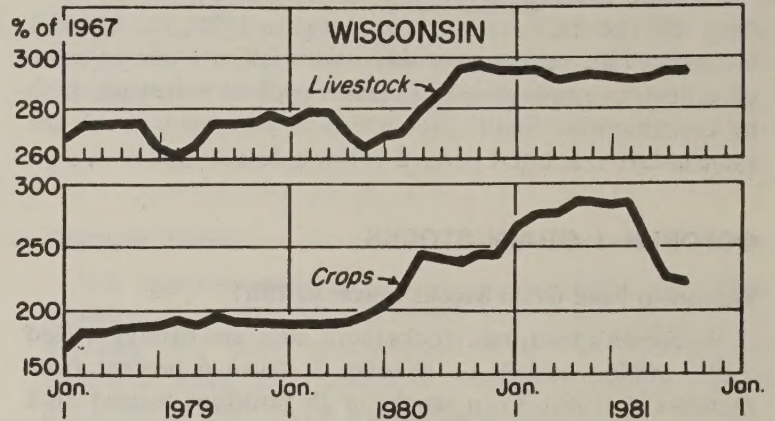
Wisconsin's milk-feed ratio (pounds of concentrate ration equal in value to 1 pound of whole milk) averaged 1.44 for October 1981. The U.S. milk-feed ratio averaged 1.53 for October. The highest milk-feed ratio was reported by Florida with an average of 1.95 while Colorado reported the lowest ratio at 1.32.



PRICE INDEXES-WISCONSIN



CROP & LIVESTOCK PRICES RECEIVED INDEXES



Commodity	Unit	Wisconsin			United States		
		Month of Oct. 1980	Sept. 15, 1981	Oct. 15, 1981	Month of Oct. 1980	Month of Sept. 1981	October 15, 1981
		Dollars			Dollars		
PRICES RECEIVED:							
Milk cows	Head	1,180.00	1,160.00	1,140.00	1,220.00	1,200.00	1,190.00
Steers and heifers	Cwt.	64.30	59.60 2/	57.30	67.10	63.00	59.90
Slaughter cows	Cwt.	46.50	43.20 2/	41.40	44.60	41.20	39.50
Calves 1/	Cwt.	99.00	114.00 2/	111.00	73.90	61.80	60.40
Hogs	Cwt.	46.90	47.40 2/	43.10	47.20	48.60	44.50
Sheep	Cwt.	16.00	18.00	17.00	18.90	20.10	18.40
Lambs	Cwt.	64.00	53.00	51.00	64.30	50.40	49.90
Turkeys	Lb.	.490	.390	.320	.491	.383	.333
Eggs	Doz.	.453	.460	.490	.590	.646	.638
Milk, all 2/	Cwt.	13.41	13.27	13.50	13.70	13.80	14.00
Wheat	Bu.	4.10	3.49	3.52	4.19	3.65	3.66
Corn	Bu.	2.91	2.57 2/	2.39	2.99	2.55	2.42
Oats	Bu.	1.46	1.63 2/	1.71	1.65	1.74	1.79
Barley	Bu.	2.40	2.12	2.27	2.81	2.44	2.38
Soybeans	Bu.	7.60	6.23	5.75	7.68	6.21	6.08
Alfalfa hay, baled	Ton	42.00	57.00	65.00	79.70	66.40	68.40
Other hay, baled	Ton	32.00	46.00	48.00	64.10	54.50	55.10
Index 3/ (1967=100)	Pct.	287	285	284	261	244	236
(1977=100) 5/	Pct.	157	156	155	142	134	129
PRICES PAID:							
Soybean meal, 44% protein	Cwt.	15.00	13.10	12.60	15.30	14.40	14.00
Cornmeal	Cwt.	6.20	6.30	5.90	7.76	8.08	7.76
Dairy feed, 16% protein	Ton	192.00	194.00	188.00	192.00	185.00	183.00
Index 4/ (1967=100)	Pct.	289	318	318	289	306	305
(1977=100) 5/	Pct.	140	149	149	142	151	151

1/Includes slaughter "bobs," replacements and special feds. 2/Average for the month. 3/Index numbers prices received by farmers, unadjusted, all farm products. 4/Index numbers prices paid by farmers for commodities and services, interest, taxes, and wage rates. 5/A change to 1977=100 base period was made beginning with June 1981. The 1967=100 base will continue to be published through June 1982.

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